

Audited Financial Statements

Town of Waterboro, Maine

June 30, 2005



*Proven Expertise and Integrity*

TOWN OF WATERBORO, MAINE

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JUNE 30, 2005

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## INDEPENDENT AUDITORS' REPORT

January 24, 2006

Board of Selectmen  
Town of Waterboro  
East Waterboro, Maine

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waterboro, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waterboro as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages three through eight are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Town of Waterboro's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the Town's financial statements.

### **1. Brief Discussion of the Basic Financial Statements**

#### **Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements follow. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

#### **Reporting the Town as a Whole**

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting, used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets - the difference between assets and liabilities - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, the Town's activities are classified solely as governmental activities:

- Governmental activities - Most of the Town's basic services are reported here, including administration, library, parks and recreation, public safety, health and sanitation, public works, education, and debt service.

## Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins on page 10. The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town's Board of Selectmen establish many other funds to help them control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the State of Maine Department of Transportation). The Town uses only one kind of fund - governmental funds.

- *Governmental funds* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

## 2. Condensed Financial Information

### The Town As A Whole

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets decreased by \$210,454 from \$5,212,169 to \$5,001,715 or a 4.04% decrease.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$751,578 from \$3,580,786 to a balance of \$2,829,208 at the end of this year. This is due in large part to the designation of special revenue and capital project funds.

**Table 1**  
**Town of Waterboro, Maine**  
**Net Assets**  
**6/30/05**

	<b>2005</b>	<b>2004</b>
Current and other assets	\$ 3,797,092	\$ 4,361,688
Capital Assets	2,517,359	2,676,276
Total Assets	<u>\$ 6,314,451</u>	<u>\$ 7,037,964</u>
Liabilities:		
Current Liabilities	\$ 466,423	\$ 702,888
Long-term Debt Outstanding	846,314	1,122,907
Total Liabilities	<u>\$ 1,312,737</u>	<u>\$ 1,825,795</u>
Net Assets:		
Invested in Capital Assets, Net of related Debt	\$ 1,568,213	\$ 1,553,369
Restricted	689,798	-
Unrestricted	<u>2,743,703</u>	<u>3,658,800</u>
Total Net Assets	<u>\$ 5,001,714</u>	<u>\$ 5,212,169</u>



## Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.60%, while total expenses increased by 13.13%.

**Table 2**  
**Town of Waterboro, Maine**  
**Change in Net Assets**  
**6/30/05**

	<u>2005</u>	<u>2004</u>
<b>Resources</b>		
Taxes:		
Property	\$ 6,374,187	\$ 7,006,854
Excise	1,125,155	-
Intergovernmental	695,625	668,907
Charges for service	400,578	621,944
Miscellaneous	<u>412,775</u>	<u>74,070</u>
 Total Revenue	 <u>9,008,320</u>	 <u>8,371,775</u>
<b>Expenses</b>		
Current:		
General government	580,909	783,076
Insurance	268,045	-
Library	76,434	-
Parks & recreation	-	280,234
Public safety	425,240	993,997
Health & Sanitation	636,267	507,055
Public works	577,371	497,984
Capital outlay	47,534	68,270
Education	5,516,891	4,411,506
Capital improvement	24,493	-
County tax	268,571	-
Misc. Services	523,129	394,004
Interest on Debt service	32,367	56,290
Unclassified	82,607	-
Depreciation	<u>158,917</u>	<u>156,065</u>
Total Expenses	<u>9,218,775</u>	<u>8,148,481</u>
 Change in Net Assets	 (210,455)	 223,294
 Net Assets - July 1	 <u>5,212,169</u>	 <u>4,988,875</u>
 Net Assets - June 30	 <u><u>\$ 5,001,714</u></u>	 <u><u>\$ 5,212,169</u></u>

The cost of all governmental activities this year was \$9,218,775 compared to \$8,148,481 last year. However, as shown in the Statement of Activities on pages 10 and 11, the amount that our town ultimately financed for these activities through Town assessments was only \$8,737,150 because some of the cost was paid by those who directly benefited from the programs (\$400,578) or by other governments and organizations that subsidized certain programs with grants and contributions (\$81,048).

### 3. Analysis of Balances and Transactions of Individual Funds

**Table 3**  
**Town of Waterboro, Maine**  
**Net Cost of Services**  
**6/30/05**

	Total Cost of Services	Total Revenue	Net Cost of Services
General government	\$ 580,909	\$ 392,754	\$ 188,155
Insurance	268,045	-	268,045
Library	76,434	3,032	73,402
Parks & recreation	-	-	-
Public safety	425,240	1,412	423,828
Health & sanitation	636,267	-	636,267
Public works	577,371	81,158	496,213
Capital outlay	47,534	-	47,534
Education	5,516,891	-	5,516,891
Capital improvement	24,493	3,270	21,223
County tax	268,571	-	268,571
All other departments	797,020	-	797,020
Totals	<u>\$ 9,218,775</u>	<u>\$ 481,626</u>	<u>\$ 8,737,149</u>

#### **4. Capital Asset and Long-Term Debt Activity**

##### **Capital Assets**

As of June 30, 2005, the gross book value of capital assets recorded by the Town decreased by \$158,917. This is the result of additions of land, infrastructure and machinery and equipment.

**Table 4**  
**Town of Waterboro, Maine**  
**Capital Assets 6/30/05**  
**(Net of Depreciation)**

	<b>2005</b>	<b>2004</b>
Land and improvements	\$ 593,900	\$ 755,508
Buildings and improvements	1,150,809	1,059,790
Furniture and fixtures	-	-
Machinery and equipment	227,787	266,932
Vehicles	445,621	482,399
Infrastructure	99,242	111,647
Total	<u>\$ 2,517,359</u>	<u>\$ 2,676,276</u>

#### **5. Budgetary Highlights**

The Town's major budget variances for the year ended June 30, 2005 were as follows:

Property tax revenue had an unfavorable balance of \$454,825 due to a large increase in abatements.

Health & Sanitation expenses exceeded the budgeted amount by \$202,167 due to budget decrease of \$133,416 and under budgeted for Payroll, Wood Disposal, Burn Pit, RWS, and Household Waste.

#### **6. Debt**

At June 30, 2005, the Town had \$777,232 in bonds outstanding versus \$ 879,913 last year, a decrease of 11.67%, as shown in Note 6 of the financial statements.

#### **7. Currently Known Facts, Decisions, or Conditions**

##### ***Economic Factors and Next Year's Budgets and Rates***

The 2006 budget will not be affected by any significant economic factors.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Administrator at 24 Townhouse Road, East Waterboro, Maine 04030.

## TOWN OF WATERBORO, MAINE

## STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 3,030,768
Accounts receivable (net allowance for uncollectibles):	
Taxes	367,705
Liens	90,313
Notes Receivable	166,968
Prepaid Expenses	19,774
Other	121,564
Total current assets	<u>3,797,092</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure, and other assets not being depreciated	593,900
Buildings and equipment, net of accumulated depreciation	1,923,459
Total noncurrent assets	<u>2,517,359</u>
TOTAL ASSETS	<u><u>\$ 6,314,451</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 121,158
Prepaid taxes	43,634
Accrued expenses	891
Deferred Revenues	175,134
Other liabilities	22,774
Current portion of long-term obligations	102,832
Total current liabilities	<u>466,423</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations:	
Bonds payable	674,400
Capital lease payable	159,881
Accrued compensated absences	12,033
Total noncurrent liabilities	<u>846,314</u>
TOTAL LIABILITIES	<u>1,312,737</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,568,213
Restricted	689,798
Unrestricted	2,743,703
TOTAL NET ASSETS	<u>5,001,714</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,314,451</u></u>

See accompanying independent auditors' report and notes to financial statements

## TOWN OF WATERBORO, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities					
Current:					
General government	\$ 580,909	\$ 392,754	\$ -	\$ -	\$ (188,155)
Insurance	268,045	-	-	-	(268,045)
Library	76,434	3,032	-	-	(73,402)
Parks & recreation	-	-	-	-	-
Public safety	425,240	1,412	-	-	(423,828)
Health & sanitation	636,267	-	-	-	(636,267)
Public works	577,371	110	81,048	-	(496,213)
Capital outlay	47,534	-	-	-	(47,534)
Education	5,516,891	-	-	-	(5,516,891)
Capital improvement	24,493	3,270	-	-	(21,223)
Overlay	-	-	-	-	-
County tax	268,571	-	-	-	(268,571)
Misc Services	523,129	-	-	-	(523,129)
Interest on Debt service	32,367	-	-	-	(32,367)
Unclassified	82,607	-	-	-	(82,607)
Depreciation	158,917	-	-	-	(158,917)
	<u>9,218,775</u>	<u>400,578</u>	<u>81,048</u>	<u>-</u>	<u>(8,737,149)</u>

STATEMENT B (CONTINUED)

TOWN OF WATERBORO, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Governmental Activities</u>
Changes in net assets:	
Net (expense) revenue	<u>(8,737,149)</u>
General revenue:	
Property taxes	6,374,187
Excise taxes	1,125,155
Grants and contributions not restricted to specific programs	614,577
Miscellaneous	<u>412,775</u>
Total general revenue	<u>8,526,694</u>
Change in net assets	(210,455)
NET ASSETS - JULY 1, 2004	<u>5,212,169</u>
NET ASSETS - JUNE 30, 2005	<u><u>\$ 5,001,714</u></u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF WATERBORO, MAINE

## BALANCE SHEET, GOVERNMENTAL FUNDS

JUNE 30, 2005

	General Fund	Other Governmental Funds	Totals Governmental 2005
<b>ASSETS</b>			
Cash	\$ 2,902,219	\$ 128,549	\$ 3,030,768
Investments	-	-	-
Receivables (net of allowance):			
Taxes	367,705	-	367,705
Liens	90,313	-	90,313
Notes Receivable	166,968	-	166,968
Prepaid Expenses	19,774	-	19,774
Other	121,564	-	121,564
Tax acquired property	-	-	-
Dues from other funds	79,712	555,456	635,168
<b>TOTAL ASSETS</b>	<b>\$ 3,748,255</b>	<b>\$ 684,005</b>	<b>\$ 4,432,260</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable	\$ 121,158	\$ -	\$ 121,158
Prepaid taxes	43,634	-	43,634
Accrued expenses	891	-	891
Deferred revenue	175,134	-	175,134
Other liabilities	22,774	-	22,774
Deferred tax revenues	288,961	-	288,961
Due to other funds	555,456	79,712	635,168
<b>TOTAL LIABILITIES</b>	<b>1,208,008</b>	<b>79,712</b>	<b>1,287,720</b>
<b>Fund Equity</b>			
Reserved for Capital Projects	-	-	-
Reserved for inventories	-	-	-
Unreserved, reported in:			
General Fund:			
Designated	85,505	-	85,505
Undesignated	2,454,742	-	2,454,742
Special revenue funds:			
Designated	-	-	-
Undesignated	-	446,562	446,562
Capital project funds	-	138,839	138,839
Permanent funds	-	18,892	18,892
<b>TOTAL FUND EQUITY</b>	<b>2,540,247</b>	<b>604,293</b>	<b>3,144,540</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 3,748,255</b>	<b>\$ 684,005</b>	<b>\$ 4,432,260</b>



STATEMENT C (CONTINUED)  
TOWN OF WATERBORO, MAINE  
BALANCE SHEET, GOVERNMENTAL FUNDS  
JUNE 30, 2005

	Total Governmental Funds
Total Fund Equity	\$ 3,144,540
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	2,517,359
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	288,961
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(777,232)
Capital Lease Payable	(159,881)
Accrued compensated absences	(12,033)
Net assets of governmental activities	<u>\$ 5,001,714</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF WATERBORO, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	General Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Property taxes	\$ 6,477,041	\$ -	\$ 6,477,041
Excise taxes	1,125,155	-	1,125,155
Intergovernmental revenues	695,625	-	695,625
Charges for services	400,579	-	400,579
Investment Income	46,990	-	46,990
Land Sales	14,144	-	14,144
Miscellaneous revenues	48,570	303,070	351,640
TOTAL REVENUES	<u>8,808,104</u>	<u>303,070</u>	<u>9,111,174</u>
EXPENDITURES			
Current:			
General government	580,909	-	580,909
Insurance	268,045	-	268,045
Library	76,434	-	76,434
Parks & recreation	-	-	-
Public safety	425,240	-	425,240
Health & Sanitation	636,267	-	636,267
Public works	651,132	-	651,132
Capital outlay	47,534	-	47,534
Education	5,516,891	-	5,516,891
Capital improvement	24,493	-	24,493
Overlay	-	-	-
County tax	268,571	-	268,571
Misc. services	-	523,129	523,129
Debt service:			
Principal	100,000	-	100,000
Interest	32,367	-	32,367
Unclassified	82,607	-	82,607
TOTAL EXPENDITURES	<u>8,710,490</u>	<u>523,129</u>	<u>9,233,619</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>97,614</u>	<u>(220,059)</u>	<u>(122,445)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	112,700	112,700
Operating transfers out	(112,700)	-	(112,700)
TOTAL OTHER FINANCING SOURCES USES	<u>(112,700)</u>	<u>112,700</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(15,086)	(107,359)	(122,445)
FUND BALANCES - JULY 1	<u>2,555,333</u>	<u>711,652</u>	<u>3,266,985</u>
FUND BALANCES - JUNE 30	<u>\$ 2,540,247</u>	<u>\$ 604,293</u>	<u>\$ 3,144,540</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF WATERBORO, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds (Statement D)	<u>\$ (122,445)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases capitalized	-
Depreciation expense	<u>(158,917)</u>
	<u>(158,917)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	<u>-</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	<u>173,761</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>-</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(102,854)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ (210,455)</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Waterboro, Maine was incorporated under the laws of the State of Maine. The Town operates under selectmen-manager form of government and provides the following services: general government services, public safety, public works, health and welfare, education, library, and recreation.

The accounting policies of the Town of Waterboro conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant of such policies.

In June of 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include:

A Management's Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (roads, bridges, sewer mains, etc.).

A change in the fund financial statements to focus on the major funds. These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements).

Principles Determining Scope of Reporting Entity

The financial statements of the Town consist only of the funds of Town of Waterboro.

Basic Financial Statements - Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's activities are all categorized as governmental activities.

In the government-wide Statement of Net Assets, the governmental activity column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and obligations. The Town's net assets are reported in two parts - invested in capital assets, net of related debt and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenues (taxes, certain intergovernmental revenues and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund type is used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to the general rule include principal and interest on general long-term debt which is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the prior fiscal year the Town prepared a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Public hearings on the budget were held.
3. The proposed budget was then approved by a majority of the Town citizens.

Inventories

Inventories of supplies are stated at cost.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable and compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Revenue Recognition – Property Taxes – Modified Accrual Basis

The Town's property tax for the current year was levied on October 14, 2004, on the assessed value listed as of April 1, 2004, for all taxable real and personal property located in the Town. Taxes were due in two installments on July 18, 2004, and May 18, 2005. Interest on unpaid taxes commenced on November 17, 2004 and May 17, 2005, at 6.41% per annum.

Total Columns on Combined Statements - Overview

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end unless designated as carry forwards by the Town citizens. Waterboro's General Fund does not utilize encumbrance accounting, therefore, reservation of fund balance is not provided for at June 30, 2005. Accordingly, no difference exists between actual results and the applicable budgetary data presented in the accompanying combined financial statements.



TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 2 - CASH

The Town maintains a cash pool that is available for use by all funds. Each fund type's position of this pool is displayed on the combined balance sheet as "due from other funds" under each funds caption.

Deposits

The Town's cash is categorized to give an indication of the level of risk assumed by the Town at year-end. These categories are defined as follows:

Category #1 - Insured or collateralized with securities held by the Town or by its agent in the Town's name.

Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category #3 - Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name.)

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category</u>		
			<u>#1</u>	<u>#2</u>	<u>#3</u>
Checking accounts	\$ 199,987	\$ 265,879	\$ 100,000	\$ -	\$ 165,879
Savings accounts	2,830,781	2,830,781	33,062	2,797,719	-
	<u>\$ 3,030,768</u>	<u>\$ 3,096,660</u>	<u>\$ 133,062</u>	<u>\$ 2,797,719</u>	<u>\$ 165,879</u>

The Town has determined that it has complied with state and federal laws governing the deposit of public funds.

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2005 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 79,712	\$ 555,456
Special Revenue Fund	380,936	60,645
Capital Projects Fund	157,906	19,067
Trust Fund	16,614	-
	<u>\$ 635,168</u>	<u>\$ 635,168</u>

NOTE 4 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts was estimated to be \$ 0 at June 30, 2005.

NOTE 5 - CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

In 2004, the Town undertook a program to record its investment property, plant and equipment. An inventory of all existing assets with a useful life of more than five years and a value of greater than \$5,000 was taken. The assets were valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets were valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 5 - CAPITAL ASSETS (CONTINUED)

reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The Town has elected to implement both the general provisions of GASB Statement No. 34 and the retroactive infrastructure provisions in the current fiscal year ended June 30, 2005.

Buildings	20-50 years
Infrastructure	50-100 years
Machinery and equipment	03-50 years
Vehicles	03-25 years

A summary of capital assets is as follows:

	Balance, 7/1/04	Additions	Disposals	Balance, 6/30/05
Governmental activities				
Non-depreciated assets:				
Land	\$ 593,900		\$ -	\$ 593,900
Depreciated assets:				
Buildings	1,953,490	-	-	1,953,490
Building Improvements	-	-	-	-
Furniture & fixtures	-	-	-	-
Machinery & Equipment	412,314	-	-	412,314
Vehicles	745,566	-	-	745,566
Infrastructure	124,052			124,052
	3,235,422	-	-	3,235,422
Less: accumulated depreciation	(1,153,046)	(158,917)	-	(1,311,963)
	2,082,376	(158,917)	-	1,923,459
Net capital assets	\$ 2,676,276	\$ (158,917)	\$ -	\$ 2,517,359
Current year depreciation:				
Town Hall				\$ 41,934
Library				2,633
Public Works				233
Fire Department				84,100
Transfer Station				2,336
Parks & Rec				20,673
Town-Wide				7,008
Total depreciation expense				\$ 158,917

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 6 – LONG TERM DEBT

The following is a summary of changes in the General Long-Term Debt Account Group for the year ended June 30, 2005:

	Balance, 7/1/04	Additions	Deletions	Balance, 6/30/05
Bonds payable	\$ 879,913	\$ -	\$ (102,681)	\$ 777,232
Capital leases payable	230,961	-	(71,080)	159,881
Accrued compensated absences	12,033	-	-	12,033
	<u>\$ 1,122,907</u>	<u>\$ -</u>	<u>\$ (173,761)</u>	<u>\$ 949,146</u>

The following is a summary of outstanding bonds payable:

Maine Municipal Bond Bank

2001 General Obligation Bond, annual interest rate from 4/15% to 4.57%, annual principal payments of \$100,000, maturity in November, 2011.

\$ 700,000

USDA Rural Development

1993 Water Bond, annual interest rate at 5.63%, annual principal and interest payments of \$7,176, maturity in September, 2021.

77,232

777,232

The following is a summary of outstanding bond principal and interest requirements for the next five fiscal years ending June 30:

	Principal	Interest	Total Debt Service
2006	\$ 102,832	\$ 32,563	\$ 135,395
2007	102,991	28,217	131,208
2008	103,159	23,825	126,984
2009	103,337	19,423	122,760
2010	103,525	14,911	118,436
Thereafter	<u>261,388</u>	<u>33,763</u>	<u>295,151</u>
	<u>\$ 777,232</u>	<u>\$ 152,702</u>	<u>\$ 929,934</u>

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 6 – LONG-TERM DEBT (CONTINUED)

All bonds payable and notes payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

The following is a summary of capital leases payable for the year ended June 30, 2005

Key Government Finance

Fire truck lease maturing April 2006, 4.20% interest rate, payable in annual installments of \$17,574 including interest.	17,574
---	--------

Emergency One, Inc.

Fire truck lease maturing October 2007, 5.09% interest rate, payable in annual installments of \$16,536 including interest.	44,957
---	--------

Caterpillar Financial Services

Backhoe loader lease maturing January 2008. 4.47% interest rate, payable in monthly installments of \$1,511 including interest.	43,097
---	--------

Kansas State / Baystone Financial Services

Rescue equipment lease maturing July 2006, 8.09% interest rate, payable in annual installments of \$9,839, including interest.	17,522
--	--------

Kislak National

Ambulance lease maturing July 2006, 5.07% interest rate, payable in annual installments of \$19,774 including interest.	<div style="border-top: 1px solid black; border-bottom: 3px double black;">36,731</div>
	159,881

Year Ending June 30:	
2006	81,851
2007	64,276
2008	25,601
2009	-
Thereafter	-
Total minimum lease payment	171,728
Less amount representing interest	(11,847)
Present value of future minimum lease payments	\$ 159,881

TOWN OF WATERBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

NOTE 7 – RESERVED FUND BALANCE

The following net assets have been reserved at June 30, 2005 for the following purposes:

Reserved for general fund designations	\$ 85,505
Reserved for special revenue funds	446,562
Reserved for capital projects funds	138,839
Reserved for permanent funds	<u>18,892</u>
	<u><u>\$ 689,798</u></u>

NOTE 8 – EXPENDITURES OVER APPROPRIATIONS

	Excess
Insurance	\$ 49,737
Health & sanitation	202,167
Interest	<u>7,367</u>
	<u><u>\$ 259,271</u></u>

NOTE 9 - CONTINGENCIES

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2005, the Town's share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of York	\$ 23,576,600	2.32%	\$ 546,807
MSAD # 57	\$ 9,626,723	0.35%	<u>33,520</u>
			<u><u>\$ 580,328</u></u>

In the normal course of operations, the Town receives grant funds from Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with condition precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

### Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - General Fund

## TOWN OF WATERBORO, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
Budgetary Fund Balance, July 1	\$ 2,555,333	\$ 2,555,333	\$ 2,555,333	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	6,931,866	6,931,866	6,477,041	(454,825)
Excise taxes	982,232	982,232	1,125,155	142,923
Intergovernmental revenues:				
State revenue sharing	442,380	442,380	457,902	15,522
Homestead exemption	148,554	148,554	120,089	(28,465)
Local road assistance	-	-	81,048	81,048
Other	8,700	8,700	36,586	27,886
Charges for services	232,383	232,383	400,579	168,196
Interest income	-	-	46,990	46,990
Land Sales	-	-	14,144	14,144
Miscellaneous revenues	20,000	20,000	48,570	28,570
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	11,321,448	11,321,448	11,363,437	41,989
EXPENDITURES				
Current:				
General government	640,360	640,360	580,909	59,451
Insurance	218,308	218,308	268,045	(49,737)
Library	79,703	79,703	76,434	3,269
Parks & recreation	66,538	66,538	-	66,538
Public safety	431,192	431,192	425,240	5,952
Health & sanitation	434,100	434,100	636,267	(202,167)
Public works	732,381	732,381	651,132	81,249
Debt service:				
Principal	100,000	100,000	100,000	-
Interest	25,000	25,000	32,367	(7,367)
Unclassified	120,064	120,064	82,607	37,457
Capital outlay	53,500	53,500	47,534	5,966
Education	5,516,891	5,516,891	5,516,891	-
Capital improvement	122,200	122,200	24,493	97,707
Overlay	369,450	369,450	-	369,450
County tax	268,571	268,571	268,571	-
Misc. services	-	-	-	-
Transfers to other funds	-	-	112,700	(112,700)
Total Charges to Appropriations	9,178,258	9,178,258	8,823,190	355,068
Budgetary Fund Balance, June 30	\$ 2,143,190	\$ 2,143,190	\$ 2,540,247	\$ 397,057
Utilization of undesignated fund balance	\$ 309,460	\$ 309,460	\$ -	\$ (309,460)
Utilization of designated fund balance	-	-	-	-
	\$ 309,460	\$ 309,460	\$ -	\$ (309,460)

See accompanying independent auditors' report.



### Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operation – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Project Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Permanent Funds
- ! Schedule of General Capital Assets by Function
- ! Schedule of Changes in General Capital Assets by Function

## SCHEDULE A

## TOWN OF WATERBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2005

	2004 Carry Forwards	Budget	Total Available	Actual	Lapsed	Carried
General Government -						
Administration	-	335,490	335,490	395,380	(59,890)	-
Town planner	-	22,500	22,500	-	-	22,500
Town clerk	-	55,606	55,606	31,478	24,128	-
Tax Collector	-	31,497	31,497	-	31,497	-
Treasurer	-	37,640	37,640	-	37,640	-
Tax Assmt office	-	65,427	65,427	65,427	-	-
CEO	-	25,000	25,000	65,280	(40,280)	-
Planning board	-	28,500	28,500	20,145	8,355	-
Zoning board	-	8,700	8,700	3,199	-	5,501
General assistance	-	30,000	30,000	-	30,000	-
	-	640,360	640,360	580,909	31,450	28,001
Insurance	-	218,308	218,308	268,045	(49,737)	-
	-	218,308	218,308	268,045	(49,737)	-
Library	-	79,703	79,703	76,434	3,269	-
	-	79,703	79,703	76,434	3,269	-
Parks & Recreation	-	66,538	66,538	-	66,538	-
	-	66,538	66,538	-	66,538	-
Public Safety -						
Animal Control	-	1,500	1,500	-	1,500	-
Rescue	-	101,239	101,239	79,802	21,437	-
Fire Department	-	328,453	328,453	345,438	(16,985)	-
	-	431,192	431,192	425,240	5,952	-
Health & Sanitation						
Transfer/Recycle center	-	434,100	434,100	636,267	(202,167)	-
	-	434,100	434,100	636,267	(202,167)	-
Public Works -						
Boat Launch	-	19,000	19,000	-	19,000	-
Ossipee Lake Watershed	-	33,000	33,000	-	33,000	-
Roads/Garage	-	400,400	400,400	333,956	66,444	-
Snow plowing/removal	-	279,981	279,981	317,176	(37,195)	-
	-	732,381	732,381	651,132	81,249	-

## SCHEDULE A (CONTINUED)

## TOWN OF WATERBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>2004 Carry Forwards</u>	<u>Budget</u>	<u>Total Available</u>	<u>Actual</u>	<u>Lapsed</u>	<u>Carried</u>
Debt Service -						
Principal	-	100,000	100,000	100,000	-	-
Interest	-	25,000	25,000	32,367	(7,367)	-
	<u>-</u>	<u>125,000</u>	<u>125,000</u>	<u>132,367</u>	<u>(7,367)</u>	<u>-</u>
Unclassified						
Contributions	-	9,650	9,650	9,400	250	-
Other	-	89,853	89,853	73,207	16,646	-
Old Home Days	-	20,561	20,561	-	20,561	-
	<u>-</u>	<u>120,064</u>	<u>120,064</u>	<u>82,607</u>	<u>37,457</u>	<u>-</u>
Capital Outlay -						
Municipal building	-	53,500	53,500	47,534	5,966	-
	<u>-</u>	<u>53,500</u>	<u>53,500</u>	<u>47,534</u>	<u>5,966</u>	<u>-</u>
Education -						
SAD Assess	-	5,516,891	5,516,891	5,516,891	-	-
	<u>-</u>	<u>5,516,891</u>	<u>5,516,891</u>	<u>5,516,891</u>	<u>-</u>	<u>-</u>
Capital Impr	-	122,200	122,200	24,493	40,203	57,504
	<u>-</u>	<u>122,200</u>	<u>122,200</u>	<u>24,493</u>	<u>40,203</u>	<u>57,504</u>
Overlay	-	369,450	369,450	-	369,450	-
	<u>-</u>	<u>369,450</u>	<u>369,450</u>	<u>-</u>	<u>369,450</u>	<u>-</u>
County Tax	-	268,571	268,571	268,571	-	-
	<u>-</u>	<u>268,571</u>	<u>268,571</u>	<u>268,571</u>	<u>-</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ -</u>	<u>\$ 9,178,258</u>	<u>\$ 9,178,258</u>	<u>\$ 8,710,490</u>	<u>\$ 382,263</u>	<u>\$ 85,505</u>

See accompanying independent auditors' report.

## TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2005

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash	\$ 126,271	\$ -	\$ 2,278	\$ 128,549
Accounts receivable	-	-	-	-
Inventory	-	-	-	-
Due from other funds	380,936	157,906	16,614	555,456
	<u>\$ 507,207</u>	<u>\$ 157,906</u>	<u>\$ 18,892</u>	<u>\$ 684,005</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	60,645	19,067	-	79,712
<b>TOTAL LIABILITIES</b>	<u>60,645</u>	<u>19,067</u>	<u>-</u>	<u>79,712</u>
<b>FUND EQUITY</b>				
Fund balance:				
Reserved for endowments	-	-	-	-
Reserved for inventories	-	-	-	-
Designated for subsequent years' expenditures	-	-	16,614	16,614
Undesignated	446,562	138,839	2,278	587,679
	<u>446,562</u>	<u>138,839</u>	<u>18,892</u>	<u>604,293</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 507,207</u>	<u>\$ 157,906</u>	<u>\$ 18,892</u>	<u>\$ 684,005</u>

See accompanying independent auditors' report.

## TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES	\$ 285,290	\$ 17,733	\$ 47	\$ 303,070
EXPENDITURES	282,155	240,974	-	523,129
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,135	(223,241)	47	(220,059)
OTHER FINANCING SOURCES (USES)				
Operating Transfer In	62,500	50,200	-	112,700
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	62,500	50,200	-	112,700
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	65,635	(173,041)	47	(107,359)
FUND BALANCES, JULY 1	380,927	311,880	18,845	711,652
FUND BALANCES, JUNE 30	\$ 446,562	\$ 138,839	\$ 18,892	\$ 604,293

See accompanying independent auditors' report.

### Special Revenue Funds Description

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF WATERBORO, MAINE  
 COMBINING BALANCE SHEET -  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

	<u>Rescue Fund Billing</u>	<u>Revaluation</u>	<u>Library Fund</u>	<u>Rescue Equipment</u>	<u>Conservation Funds</u>	<u>Parks &amp; Recreation</u>
ASSETS						
Cash	\$ 81,416	\$ -	\$ -	\$ 43,982	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	106,520	75,000	46,088	26,517	40,396	-
	<u>\$ 187,936</u>	<u>\$ 75,000</u>	<u>\$ 46,088</u>	<u>\$ 70,499</u>	<u>\$ 40,396</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	60,645
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,645</u>
FUND EQUITY						
Fund balance:						
Reserved for endowments						
Reserved for inventories	-	-	-	-	-	-
Designated for subsequent years' expenditures	-	-	-	-	-	-
Undesignated	187,936	75,000	46,088	70,499	40,396	(60,645)
TOTAL FUND EQUITY	<u>187,936</u>	<u>75,000</u>	<u>46,088</u>	<u>70,499</u>	<u>40,396</u>	<u>(60,645)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 187,936</u>	<u>\$ 75,000</u>	<u>\$ 46,088</u>	<u>\$ 70,499</u>	<u>\$ 40,396</u>	<u>\$ -</u>

TOWN OF WATERBORO, MAINE  
 COMBINING BALANCE SHEET -  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

	<u>Ambulance Subscription</u>	<u>Old Home Days</u>	<u>Taylor House</u>	<u>Dog Fines</u>
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Inventory	-	-	-	-
Due from other funds	42,234	22,266	11,274	7,636
	<u>\$ 42,234</u>	<u>\$ 22,266</u>	<u>\$ 11,274</u>	<u>\$ 7,636</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY				
Fund balance:				
Reserved for endowments				
Reserved for inventories	-	-	-	-
Designated for subsequent years' expenditures	-	-	-	-
Undesignated	42,234	22,266	11,274	7,636
TOTAL FUND EQUITY	<u>42,234</u>	<u>22,266</u>	<u>11,274</u>	<u>7,636</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 42,234</u>	<u>\$ 22,266</u>	<u>\$ 11,274</u>	<u>\$ 7,636</u>



## TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2005

	Emergency Response Training	Community Center Project	Ossipee Fire Tower	Totals
ASSETS				
Cash	\$ -	\$ 873	\$ -	\$ 126,271
Accounts receivable	-	-	-	-
Inventory	-	-	-	-
Due from other funds	2,912	-	93	380,936
	<u>\$ 2,912</u>	<u>\$ 873</u>	<u>\$ 93</u>	<u>\$ 507,207</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	60,645
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,645</u>
FUND EQUITY				
Fund balance:				
Reserved for endowments	-	-	-	-
Reserved for inventories	-	-	-	-
Designated for subsequent years' expenditures	-	-	-	-
Undesignated	2,912	873	93	446,562
TOTAL FUND EQUITY	<u>2,912</u>	<u>873</u>	<u>93</u>	<u>446,562</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,912</u>	<u>\$ 873</u>	<u>\$ 93</u>	<u>\$ 507,207</u>

See accompanying independent auditors' report.

## SCHEDULE E

## TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

	<u>Rescue Fund Billing</u>	<u>Revaluation</u>	<u>Library Fund</u>	<u>Rescue Equipment</u>	<u>Conservation Funds</u>	<u>Parks &amp; Recreation</u>
REVENUE	<u>\$ 112,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,739</u>	<u>\$ -</u>	<u>\$ 71,751</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,724</u>	<u>-</u>	<u>162,970</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>112,423</u>	<u>-</u>	<u>-</u>	<u>(35,985)</u>	<u>-</u>	<u>(91,219)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	62,500	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,500</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	112,423	-	-	26,515	-	(91,219)
FUND BALANCES, JULY 1	<u>75,513</u>	<u>75,000</u>	<u>46,088</u>	<u>43,984</u>	<u>40,396</u>	<u>30,573</u>
FUND BALANCES, JUNE 30	<u><u>\$ 187,936</u></u>	<u><u>\$ 75,000</u></u>	<u><u>\$46,088</u></u>	<u><u>\$ 70,499</u></u>	<u><u>\$ 40,396</u></u>	<u><u>\$ (60,646)</u></u>

## TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

	<u>Ambulance Subscription</u>	<u>Old Home Days</u>	<u>Taylor House</u>	<u>Dog Fines</u>
REVENUE	<u>\$ 17,670</u>	<u>\$ 5,703</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES	<u>-</u>	<u>5,461</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>17,670</u>	<u>242</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	17,670	242	-	-
FUND BALANCES, JULY 1	<u>24,564</u>	<u>22,025</u>	<u>11,274</u>	<u>7,636</u>
FUND BALANCES, JUNE 30	<u><u>\$ 42,234</u></u>	<u><u>\$ 22,267</u></u>	<u><u>\$ 11,274</u></u>	<u><u>\$ 7,636</u></u>

## TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2005

	Emergency Response Training	Community Center Project	Ossipee Fire Tower	Totals
REVENUE	\$ -	\$ 4	\$ -	\$ 285,290
EXPENDITURES	-	-	-	282,155
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	4	-	3,135
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	62,500
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	62,500
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	4	-	65,635
FUND BALANCES, JULY 1	2,912	869	93	380,927
FUND BALANCES, JUNE 30	\$ 2,912	\$ 873	\$ 93	\$ 446,562

See accompanying independent auditors' report.

### Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds

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## TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET -  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2005

	<u>Transfer Station</u>	<u>West Road DOT</u>	<u>Memorial Park</u>	<u>Old Alfred Road</u>	<u>Salt &amp; Sand Shed</u>	<u>Friendship Field</u>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	38,625	9,366	25,000	25,000	16,815	12,059
	<u>\$38,625</u>	<u>\$ 9,366</u>	<u>\$25,000</u>	<u>\$ 25,000</u>	<u>\$ 16,815</u>	<u>\$ 12,059</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Designated for subsequent years' expenditures	-	-	-	-	-	-
Undesignated	38,625	9,366	25,000	25,000	16,815	12,059
TOTAL FUND EQUITY	<u>38,625</u>	<u>9,366</u>	<u>25,000</u>	<u>25,000</u>	<u>16,815</u>	<u>12,059</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$38,625</u>	<u>\$ 9,366</u>	<u>\$25,000</u>	<u>\$ 25,000</u>	<u>\$ 16,815</u>	<u>\$ 12,059</u>

TOWN OF WATERBORO, MAINE  
 COMBINING BALANCE SHEET -  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2005

	<u>Storage Shed</u>	<u>Ross Corner Fire Truck</u>	<u>Muni Complex</u>	<u>Safety EMS</u>	<u>Library</u>	<u>Totals</u>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>11,000</u>	<u>-</u>	<u>4,342</u>	<u>5,699</u>	<u>10,000</u>	<u>157,906</u>
	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 4,342</u>	<u>\$ 5,699</u>	<u>\$ 10,000</u>	<u>\$ 157,906</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Due to other funds	<u>\$ -</u>	<u>\$ 19,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,067</u>
TOTAL LIABILITIES	<u>-</u>	<u>19,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,067</u>
FUND EQUITY						
Fund balance:						
Designated for subsequent years' expenditures	-	-	-	-	-	-
Undesignated	<u>11,000</u>	<u>(19,067)</u>	<u>4,342</u>	<u>5,699</u>	<u>10,000</u>	<u>138,839</u>
TOTAL FUND EQUITY	<u>11,000</u>	<u>(19,067)</u>	<u>4,342</u>	<u>5,699</u>	<u>10,000</u>	<u>138,839</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 4,342</u>	<u>\$ 5,699</u>	<u>\$ 10,000</u>	<u>\$ 157,906</u>

See accompanying independent auditors' report.

## TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2005

	<u>Transfer Station</u>	<u>West Road DOT</u>	<u>Memorial Park</u>	<u>Old Alfred Road</u>	<u>Salt &amp; Sand Shed</u>	<u>Friendship Field</u>
REVENUE	<u>\$ 17,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES	<u>32,706</u>	<u>144,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(14,973)</u>	<u>(144,434)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(14,973)</u>	<u>(144,434)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JULY 1	<u>53,598</u>	<u>153,800</u>	<u>25,000</u>	<u>25,000</u>	<u>16,815</u>	<u>12,059</u>
FUND BALANCES, JUNE 30	<u><u>\$ 38,625</u></u>	<u><u>\$ 9,366</u></u>	<u><u>\$ 25,000</u></u>	<u><u>\$ 25,000</u></u>	<u><u>\$ 16,815</u></u>	<u><u>\$ 12,059</u></u>



## TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2005

	Storage Shed	Ross Corner Fire Truck	Muni Complex	Safety EMS	Library	Totals
REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,733
EXPENDITURES	-	41,647	17,386	4,801	-	240,974
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(41,647)	(17,386)	(4,801)	-	(223,241)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	29,700	-	10,500	10,000	50,200
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	29,700	-	10,500	10,000	50,200
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(11,947)	(17,386)	5,699	10,000	(173,041)
FUND BALANCES, JULY 1	11,000	(7,120)	21,728	-	-	311,880
FUND BALANCES, JUNE 30	<u>\$ 11,000</u>	<u>\$ (19,067)</u>	<u>\$ 4,342</u>	<u>\$ 5,699</u>	<u>\$ 10,000</u>	<u>\$ 138,839</u>

See accompanying independent auditors' report.

### Permanent Funds

Permanent funds are used to account for assets held by the Town of Waterboro, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.

## TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET -  
NONMAJOR PERMANENT FUNDS  
JUNE 30, 2005

	Local Endowment	Library Cemeteries	Totals
ASSETS			
Cash	\$ 2,278	\$ -	\$ 2,278
Due from other funds	-	16,614	16,614
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 16,614</u>	<u>\$ 18,892</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY			
Fund balance:			
Reserved for endowments	-	-	-
Designated for subsequent years' expenditures	-	16,614	16,614
Undesignated	2,278	-	2,278
TOTAL FUND EQUITY	<u>2,278</u>	<u>16,614</u>	<u>18,892</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,278</u>	<u>\$ 16,614</u>	<u>\$ 18,892</u>

See accompanying independent auditors' report.

## TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES -  
NONMAJOR PERMANENT FUNDS  
JUNE 30, 2005

	Local Endowment	Library Cemeteries	Totals
REVENUE	\$ 47	\$ -	\$ 47
EXPENDITURES	-	-	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	47	-	47
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	47	-	47
FUND BALANCES, JULY 1	2,231	16,614	18,845
FUND BALANCES, JUNE 30	\$ 2,278	\$ 16,614	\$ 18,892

See accompanying independent auditors' report.

### General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

## TOWN OF WATERBORO, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2005

	Land and Non-depreciable Assets	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Town Hall	\$ 82,000	\$ 802,795	\$ 76,769	\$ -	\$ 961,564
Library	23,700	89,305	-	-	113,005
Public Works	-	7,000	-	-	7,000
Fire Department	-	535,763	1,081,111	-	1,616,874
Transfer Station	58,800	130,076	-	-	188,876
Parks & Rec	91,900	229,386	-	124,052	445,338
Town-Wide	337,500	159,165	-	-	496,665
Total General Capital Assets	593,900	1,953,490	1,157,880	124,052	3,829,322
Less: Accumulated Depreciation	-	(802,681)	(484,472)	(24,810)	(1,311,963)
Net General Capital Assets	\$ 593,900	\$ 1,150,809	\$ 673,408	\$ 99,242	\$ 2,517,359

See accompanying independent auditors' report.

## TOWN OF WATERBORO, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2005

	General Assets 7/1/04	Additions	Deletions	General Capital Assets 6/30/05
Town Hall	\$ 961,564	\$ -	\$ -	\$ 961,564
Library	113,005	-	-	113,005
Public Works	7,000	-	-	7,000
Fire Department	1,616,874	-	-	1,616,874
Transfer Station	188,876	-	-	188,876
Parks & Rec	445,338	-	-	445,338
Town-Wide	496,665	-	-	496,665
Total General Capital Assets	3,829,322	-	-	3,829,322
Less: Accumulated Depreciation	(1,153,046)	(158,917)	-	(1,311,963)
Net General Capital Assets	<u>\$ 2,676,276</u>	<u>\$ (158,917)</u>	<u>\$ -</u>	<u>\$ 2,517,359</u>

See accompanying independent auditors' report.